

NORTH LILY MINING COMPANY

M/023/007

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Denver, Colorado, 80202

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(4)
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DATE: 31 MAY 2001

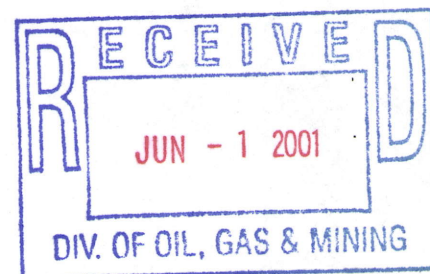
TO: WAYNE HEDBERG / BETH WONDIMU

FAX: 801 359 3940 ~~111~~ 801 538 6016

FROM: Gene Webb / Steve Flechner

RE: Bond Release

cc Bob Bayer / JBR / 801 942 1852



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Nlmcfax

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NORTH LILY MINING COMPANY

Suite 210

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Denver, CO 80202

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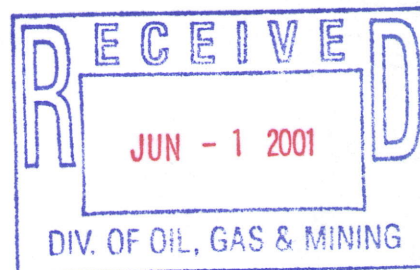
Fax: 505.295.2233

May 30, 2001

Ms. Mary Ann Wright
Associate Director, Mining

Mr. D. Wayne Hedburg
Permit Supervisor

Utah Division of Oil Gas and Mining
1594 West north Temple, Suite 1210
P.O. Box 145801
Salt Lake City, Utah 84114-5801



RE: Request of Partial Bond Release, North Lily Mining Company, Silver City, Utah Facility

Dear Ms. Wright and Mr. Hedburg:


This is North Lily's second request for partial reclamation bond release for the subject facility. The initial partial release request, for the amount of \$99,540, was presented in our letter of January 25, 2001. The Division of Oil Gas and Mining (OGM) responded with its approval of an adjusted bond release amount, \$36,400, in a letter dated March 15, 2001. Accompanying OGM's release approval letter was a detailed breakdown of the approved amount of bond release and a description of additional activities to which surety was reallocated. This current bond release request is based upon the revised remaining line-item bond amounts as described in that March 15, 2001 letter.

Since the last OGM-authorized partial bond release, most of the remaining reclamation at the site has been completed. The Division is well aware of the work that has been completed and of the work that remains to be done. In summary, the following have been completed in their entirety: site regrading; post-closure fluid management system construction; building demolition and site clean-up; and, burial of demolition debris in the on-site Class IIIb landfill. Remaining reclamation work consists primarily of the following: ripping, seeding with native plant species, and composted manure application at the former plant and ponds area in the fall; disposal of the remaining barrels of caustic tank residue; and post-closure/reclamation monitoring.

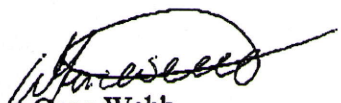
The attached spreadsheet provides a breakdown of this second partial bond release request. The total amount requested is \$108,024 plus the appropriate adjustments for the reduced contingency and escalation factors, as determined by OGM.

As you are aware, time is of the essence in processing this request. North Lily has pressing cash needs and this bond release is necessary so that we can meet urgent payment requirements. Thank you in advance for your prompt attention to this request. Please contact either of the undersigned or Mr. Bob Bayer at JBR Environmental Consultants (801.943.4144) with any questions you may have regarding this request.

Sincerely,



Stephen Flechner
President and CEO



Gene Webb
Executive Vice President

cc: Dennis Frederick, DWQ
Fred Pehrson, DWQ
Doug Jensen, OGM
Beth Wondimu, DWQ
M. Keller, Vancott Bagley
R. Bayer, JBR

Activity	Quantity	Units	\$/unit	Current Surety	Release Requested
Demolition of Building and Facilities				\$ 5,000	\$ 5,000
Debris & Equipment Removal	(1)	1 lump sum		\$ 9,696	\$ 9,696
(all four components) (1)					
Regrade Facilities Area	1	acre		\$ 470	\$ 470
Regrade Solution Ponds	12000	CY	\$ 0.47	\$ 5,640	\$ 5,640
Ripping Stockpile and Compacted Areas	(1)	(1)	(1)	\$ 704	\$ 704
Topsoil Replacement	(1)	(1)	(1)	\$ 19,380	\$ 19,380
General Site Clean-up and Trash Removal	21.4	acre	\$ 50	\$ 1,070	\$ 1,070
Equipment Mobilization	(1)	(1)	(1)	\$ 1,000	\$ 500
Reclamation Supervision	10	days	\$ 372	\$ 3,720	\$ 2,790
Post Closure Fluid Management System		lump sum		\$ 59,798	\$ 59,798
Construction Supervision	8	days	\$ 372	\$ 2,976	\$ 2,976
Subtotal					108,024
Contingency and Escalation Factor Adjustments (C&EFA)					TBD by OGM
Total					\$108,024 '± C&EFA

Note: (1) see OGM 03/01/01 Surety Estimate for breakdown